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SIPDIS

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TAGS: [PGOV](#) [KCOR](#) [ETRD](#) [NI](#)
SUBJECT: MAKING NIGERIA AN EVIAN TRANSPARENCY AND
ANTI-CORRUPTION PROGRAMS PILOT COUNTRY

REF: A. 03 STATE 345287

[B](#). 03 ABUJA 2231
[C](#). 03 ABUJA 2216

SUMMARY

[1](#)1. Post believes Nigeria is an important focus for U.S. and international efforts on corruption and transparency, and should be a pilot country under the Evian Declaration (Ref A). Nigeria's Government has started nine different transparency or anti-corruption programs, several with U.S. and other G-8 members' assistance. EITI is important among them, but the extractive industries by no means are, nor should they be, the sole focus of either the GON's or our efforts. The Nigerian Government has recently put on trial the Minister of Labor, two former Ministers, a Permanent Secretary and others in a procurement scandal, and both the

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Government and the National Assembly announced new committees last month to tackle budget implementation reform. Making Nigeria a pilot country under the Evian Declaration would be an excellent response, and concrete support, for these nascent moves forward as long as G-8 members are willing to ramp up and sustain their support. End Summary.

NIGERIAN GOVERNMENT IS READY

[1](#)2. Both the Embassy and the Department have had extensive discussions with the Nigerian Government on transparency/anti-corruption efforts, including under Evian. In post's latest discussion on December 23 with the GON's anti-corruption czar, Senior Special Advisor to the President Dr. Ezekwesili, she noted Nigeria's interest in becoming a pilot country under the Evian Declaration on Fighting Corruption and Enhancing Transparency, saying the GON is committed to fighting corruption, implementing transparency in GON operations to include energy revenues and budget/procurement implementation, and downsizing government through the sale of GON parastatals.

[1](#)3. In response to Ref A's special paragraph for Abuja, the GON is beginning to address the key issues in budget and procurement. The main issues in the budget are transparency and "budget implementation," the latter a Nigerian term for the fact that GON routinely and often refrains from expending money for many items approved in its budget. President Obasanjo told the National Assembly in December, for example, that the GON's Central Bank had not released money to GON ministries for approximately half of the allocated items in the GON's capital budget. The National Assembly believes the figure is closer to 80 percent not released, and thus the expenditures never made. Both the Executive and the Legislative branches are setting up new institutions to address the budget implementation problem (see below).

[1](#)4. The GON has improved the 2004 budget transparency process by including and consulting with the National Assembly at an earlier stage than before in formulating the budget. The GON's relation with the IMF is improving, and the IMF has helped Obasanjo's economic team with its budget framework. An article IV consultation is scheduled for mid-February.

[1](#)5. Anti-corruption improvements in procurement were started earlier and have borne fruit in victories for American contractors when competitors were forced to bid on a level field (Ref C details the most recent). Dr. Ezekwesili's Budget Monitoring and Price Intelligence Unit is a major component in this effort. Both the GON's procurement system and anti-corruption effort in procurement, however, are still not transparent.

NIGERIAN GOVERNMENT PROGRAMS

¶6. ICPC: The Independent Corrupt Practices Commission was set up in 2000 by an act of the National Assembly to investigate and prosecute corruption complaints from private citizens, and operates outside the Executive branch of the GON. The ICPC emerged from constitutional challenges in 2002, had its mandate partially changed in 2003, and made its first major arrests in December (see below). The Chairman is retired Supreme Court Justice Mustapha Akanbi. The initial staff of investigators seconded from the Police and the State Security Service (SSS) and prosecutors seconded from the Ministry of Justice is changing over to the first batch of dedicated ICPC investigators and prosecutors trained with support from INL.

¶7. BMPIU: The Budget Monitoring and Price Intelligence Unit, also known as the Due Process Office, was established under the Office of the Principal Secretary to the President in June 2003. It is run as an operationally independent body under the leadership of the Senior Special Assistant to the President on the Unit, Obiageli (Oby) Ezekwesili. The Unit is designed to act as the clearing-house for all Government contracts and procurement of goods and services, and monitors/certifies all GON contracts over 1 million Naira after a "Due Process Review" to check that anti-corruption and other laws are followed.

¶8. EFCC: The Economic and Financial Crimes Commission exists as the GON's internal equivalent of the ICPC, monitoring and prosecuting economic and financial crime within the Government and looking for waste and leakage in public finance, as well as investigating financial fraud (419 scams) and money laundering. The Commission was established in 1993 as part of the National Drug and Law Enforcement Agency (NDLEA), but was given greater independence in 1999 and today coordinates anti-corruption efforts of the Central Bank, NDLEA, the Nigeria Police, the Nigerian Telephone Company (NITEL), and other GON institutions.

¶9. EITI: The GON recently agreed to participate in the Extractive Industries Transparency Initiative, but thus far has taken no transparency actions under EITI.

¶10. BPE: The Bureau of Public Enterprises, which oversees management of the Nigerian Government's equity in parastatal organizations, has an Anti-Corruption and Transparency Unit that could become important under EITI.

¶11. Finance Ministry "Cash Commission:" According to Nigeria's Minister of Finance, a cash management commission will be set up within the executive branch of government, with IMF assistance, by mid-January 2004 to improve budget implementation. The Cash Commission will monitor GON revenues and guide the release of funds from the Central Bank to GON ministries for expenditures already approved under the budget. The Commission may also receive responsibilities to monitor and evaluate ministers' and other senior GON officials' job performance, transparency in contracting, and productivity.

¶12. National Assembly's Legislative Budget and Research Committee: The House of Representatives has announced that it will set up this Committee to address budget implementation, as well as to provide budget revenue and expenditure data similar to the Congressional Budget Office in the U.S.

¶13. CCB/CCT: The Code of Conduct Bureau and Tribunal were created in 1999. This executive branch bureau is intended to monitor the declaration of assets by publicly elected officials, but only does so at the time of election and departure from office. The declarations and the audits of them are not public.

¶14. Nigeria Police: All of Nigeria's police are Federal, not state or local, and constitutionally headed by the Inspector General of Police. The Inspector General has dedicated anti-bribery and anti-fraud units. Numerous arrests of police officers for corruption were made during 2003, but few trials have started and no punishments have been made public.

¶15. Auditor General and Accountant General: These oversight positions track funds in the GON's expenditures and revenues respectively.

FIRST FRUITS?

¶16. After a one-year investigation, the ICPC on December 3, 2003 announced its arrest and detention of seven persons, including the current Minister of Labor, for taking kickbacks and bribes in a project to create a national identity card. President Obasanjo fired the Labor Minister the following day. Several of those arrested served in the Ministry of Internal Affairs from 1999 to 2003, including two former

Ministers and the current Permanent Secretary. After nearly a month in jail, the suspects were all arraigned on December 29 and granted bail two days later. There is no indication of a trial start date.

17. The defendants in this case represent the highest-ranking officials ever formally investigated by the government. Current indications are that the trial will be a showy production for the current administration to show a tough stance on corruption. Once the trial begins, which may not be for another month or two, it can be expected to last for several months.

PRESENT USG AND OTHER G-8/IFI PROGRAMS

18. USAID works with several international and civil society organizations to promote transparency, accountability, and rule of law among the general public, often in projects coordinated with the BMPIU, ICPC, National and State legislatures, the Independent National Electoral Commission, political parties, and the Economic Planning Commission. USAID provided major assistance to the BPE, and helped revamp it into an internationally entity. USAID also works with state courts to improve judicial performance and implementation of the Judicial Code of Conduct.

19. INL has long worked with the ICPC and will send select ICPC investigators and prosecutors to Hong Kong in February for a comparative study of anti-corruption efforts. In FY 2005, INL will add a program to provide advisory technical services to the EFCC, and to procure equipment for the Financial Intelligence Unit (FIU). Treasury provides training assistance to the EFCC and other Nigerian law enforcement bodies.

20. The UK's transparency and anti-corruption activities in Nigeria have been centered on the ICPC and other GON institutions, and are adding a focus on EITI. The UK's Department for International Development also supports one NGO, Business Integrity, that is set up to provide a "quality mark" for Nigerian businesses it investigates and determines are free from corruption.

21. The World Bank has extensive anti-corruption programs with the Finance Ministry, BPE, Auditor General, and other GON institutions. The IMF is heavily involved in the budget process.

22. Italy has various programs directly and through the EU with GON offices investigating money laundering and other corruption linked to trafficking in drugs and persons.

23. The other G-8 members do not have major transparency or anti-corruption programs of their own in Nigeria, although some G-8 members such as Germany and France are major donors to EU programs for Nigeria in these fields. The Netherlands and Canada are starting direct programs in Nigeria. In Abuja, the donors' Governance Group should be able to identify gaps as it works with the GON to establish an action plan under Evian for transparency and anti-corruption activities, and steer support from these other G-8 countries toward those gaps.

Roberts